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WESTLY ANNOUNCES STEM CELL AUDIT, CALLS FOR TOUGH OVERSIGHT

Oversight Committee Complete; First Meeting Planned

SACRAMENTO - State Controller Steve Westly today called for tough oversight of stem cell grants and announced the first comprehensive audit of the California Institute for Regenerative Medicine (CIRM), the agency charged with allocating the \$3 billion voters approved for stem cell research last year.

“Our goal is to provide hope - and eventually cures - to millions of people suffering from diseases,” Westly said. “We must not allow even a perception of waste, fraud and abuse to get in the way of the Institute's life saving work.”

Westly was a strong supporter of Proposition 71, the voter-approved initiative that established and funded CIRM. He appoints members to the Independent Citizens Oversight Committee, which oversees the Institute, and chairs the Institute's Financial Accountability and Oversight Committee.

He made the following recommendations to the Independent Citizens Oversight Committee:

- CIRM should make public an annual evaluation of its performance
- CIRM should publicly evaluate the performance of projects financed by its grants
- The Institute should develop procedures to ensure the public's confidence that grants are awarded fairly and appropriately.

“Tough oversight will ensure the public's confidence in our stem cell program,” Westly said. “The stakes are too high for the institute to risk its funds or the public's trust.”

Westly also announced that he will convene the first meeting of the oversight committee he chairs in spring. The meeting was made possible by the selection of Gilbert and Associates to audit the Institute's financial operations, as required by Proposition 71. The State Controller's Office and Westly's oversight committee will review that audit. The Committee will also conduct its own, independent review of CIRM's finances. The process will be conducted annually to ensure the Institute's financial integrity.

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STEM CELL OVERSIGHT 2-2-2

Controller Westly also announced the members of his oversight committee:

Richard Siegal, member, appointed by the State Controller

John Hein, appointed by the Assembly Speaker

Jim Lott, appointed by the Senate President Pro Tem

Daniel S. Brunner, appointed by the State Treasurer

Myrtle Potter, member, appointed by the Chair of the Independent Citizen's Oversight Committee

The Independent Citizens Oversight Committee is scheduled to meet tomorrow.

Text of Controller Westly's letter follows:

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STEM CELL OVERSIGHT 3-3-3

February 9, 2006

Members
Independent Citizens Oversight Committee
California Institute for Regenerative Medicine
210 King St.
San Francisco, CA 94107

Dear Member:

Thank you for all of your hard work during CIRM's inaugural year. Stem cell research holds the promise of cures for diseases affecting millions of people. I am proud that California is leading the way.

When Gilbert and Associates completes the independent audit of CIRM, I will convene the first meeting of the Financial Accountability Oversight Committee. This provides an opportunity to take action to increase accountability and oversight in CIRM's operations.

Our goal is to provide hope – and eventually cures – to millions of people suffering from diseases. We must not allow even a perception of waste, fraud and abuse to get in the way of the Institute's life saving work.

As California's State Controller and chief fiscal watchdog, I recommend that CIRM:

- Make public an annual evaluation of its performance
- Publicly evaluate the performance of projects financed by its grants
- Develop procedures to ensure the public's confidence that grants are awarded fairly and appropriately

Furthermore, as Chair of the Financial Accountability Oversight Committee, I will request at our first meeting that the Committee formally make these recommendations to the Independent Citizens Oversight Committee.

I will convene the Financial Accountability Oversight Committee in the spring, following the completion of the independent CIRM audit and my office's review of it.

I look forward to working with you to ensure that the Institute continues its global leadership in medical research.

Sincerely,

STEVE WESTLY
California State Controller

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